



BAC 7710-FW-P

POSTAL REGULATORY COMMISSION

39 CFR part 3050

[Docket No. RM2019-14; Order No. 5238]

Periodic Reporting

AGENCY: Postal Regulatory Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Commission is acknowledging a recent filing requesting the Commission initiate a rulemaking proceeding to consider changes to analytical principles relating to periodic reports (Proposal Eight). This document informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* October 16, 2019.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202-789-6820.

SUPPLEMENTARY INFORMATION:

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I. Introduction

On September 18, 2019, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate a rulemaking proceeding to consider changes to analytical principles relating to periodic reports.¹ The Petition identifies the proposed analytical changes filed in this docket as Proposal Eight.

II. Proposal Eight

Background. Proposal Eight relates to modifications to the Parcel Select/Parcel Return Service (PRS) mail processing and transportation cost models. Petition, Proposal Eight at 1. The cost models were last presented in Docket No. ACR2018, USPS-FY-18-NP15 and USPS-FY18-NP16, respectively. *Id.* The proposed modifications to the mail processing cost model are based on two observations made during the preparation of Docket No. ACR2017 materials: (1) A Parcel Select mail flow was missing from the cost model; and (2) the Postal Service had implemented new PRS processing methods for return delivery unit (RDU) and return sectional center facility (RSCF) mailpieces. *Id.*

With respect to the transportation cost model, the Postal Service explains that prior to being classified as a competitive product, Parcel Select Lightweight (PSLW) volume was part of Marketing Mail parcels and transportation costs

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Eight), September 18, 2019 (Petition). The Postal Service filed a notice of filing of non-public materials relating to Proposal Eight. Notice of Filing of USPS-RM2019-14/NP1 and Application for Nonpublic Treatment, September 18, 2019.

estimates for that mail were included in the cost model presented mostly recently in Docket No. ACR2018. *Id.* The Postal Service states that there have been no PSLW transportation cost estimates presented in Annual Compliance Report dockets since PSLW was reclassified as a competitive product. *Id.*

Proposal. The Postal Service proposes two modifications to the Parcel Select/PRS mail processing cost model: (1) A machinable destination sectional center facility (DSCF) 3-Digit presort mail flow worksheet be added to the model to accommodate negotiated service agreements (NSAs); and (2) the results from a 2018 PRS field study be incorporated into the model. *Id.* at 2. The Postal Service also proposes that the Parcel Select/PRS transportation cost model be modified to incorporate PSLW into the analysis. *Id.* at 11.

Rationale and impact. The Postal Service states that the price list does not contain published prices for machinable 3-Digit DSCF presort parcels but there are some NSAs that include machinable DSCF 3-Digit presort parcels. *Id.* at 2. The Postal Service explains that the addition of a machinable DSCF 3-Digit presort model cost estimate to the mail processing cost model would increase that portion of the DSCF costs, which results in a lower Cost and Revenue Analysis (CRA) proportional adjustment factors. *Id.* at 13. Due to the lower proportional adjustment factor, the mail processing unit cost estimates for all other Parcel Select price categories would decrease roughly one percent. *Id.*

In 2018, the Postal Service conducted a field study to collect PRS-specific input data in order to improve the PRS portion of the cost model. *Id.* at 4. The Postal Service states that PRS mail processing unit cost estimates have

historically been developed using proxy input data. *Id.* The Postal Service explains that the proposed treatment of the data collected from the field study is consistent with past rulemaking dockets where the proposals included productivity estimates that were collected manually in the field. *Id.* at 7. In describing the impact of the proposed modification, the Postal Service states that, in total, the PRS mail processing cost model changes would result in a lower proportional CRA adjustment factor which results in decreases to the Full Network machinable, nonmachinable, and oversize mail processing unit cost estimates. *Id.* at 14.

Finally, the Postal Service states that the addition of PSLW to the transportation cost model would have no impact on the Parcel Select/PRS transportation cost-per-cubic-foot estimates. *Id.*

III. Notice and Comment

The Commission establishes Docket No. RM2019-14 for consideration of matters raised by the Petition. More information on the Petition may be accessed via the Commission's website at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Eight no later than October 16, 2019. Pursuant to 39 U.S.C. 505, Katalin K. Clendenin is designated as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

IV. Ordering Paragraphs

It is ordered:

1. The Commission establishes Docket No. RM2019-14 for consideration of the matters raised by the Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Eight), filed September 18, 2019.

2. Comments by interested persons in this proceeding are due no later than October 16, 2019.

3. Pursuant to 39 U.S.C. 505, the Commission appoints Katalin K. Clendenin to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

4. The Secretary shall arrange for publication of this order in the *Federal Register*.

By the Commission.

Darcie S. Tokioka,

Acting Secretary.

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